

# Fannie Mae HFA Preferred™ /Upfront Paid Mortgage Insurance (UPMI)

Combine with Start Up, MCC (with First Mortgage) or Step Up programs



## Product Description

Fannie Mae's HFA Preferred™ conventional product allows 97% loan-to-value (LTV) ratios with low mortgage insurance coverage requirements, and must be layered with a Minnesota Housing Mortgage Loan Program. This product description summarizes Minnesota Housing guidelines, and Fannie Mae and U.S. Bank overlays required for loan eligibility. Lenders are also responsible for meeting all program guidelines ([Start Up](#), [MCC \(with First Mortgage\)](#) or [Step Up](#)), underlying product guidelines and U.S. Bank overlays. Where terms differ, the more restrictive terms apply.

PARAMETERS	HFA PREFERRED™ REQUIREMENTS			
Eligible Minnesota Housing Programs	Start Up, MCC (with First Mortgage) and Step Up			
Loan Terms	<ul style="list-style-type: none"> <li>Fully-amortizing</li> <li>30-year term</li> <li>Fixed Rate</li> </ul>			
Eligible Occupancy	Owner-occupied			
Mortgage Insurance	LTV and MI Coverage Percentage			
	> 95% and <= 97%	> 90% and <= 95%	> 85% and <= 90%	> 80% and <= 85%
	18%	16%	12%	6%
	Loans with an LTV > 95 up to ≤ 97% must use an MI company posted on U.S. Bank's Allregs website.			
Eligible Property Types	<ul style="list-style-type: none"> <li>Single-family</li> <li>Duplex</li> <li>Community land trusts (CLT)</li> <li>Approved condos</li> <li>Planned unit developments (PUD)</li> </ul>			
Ineligible Property Types	No manufactured housing or co-ops			
Ownership of Property	Borrower may not have an ownership interest in any other residential dwelling at the time of closing. (A manufactured home, regardless of the type of property ownership, is considered a residential dwelling for this purpose. Ownership in a timeshare is not.)			
Income Requirements	Minnesota Housing's <a href="#">Start Up/MCC/Step Up income limits</a>			
Minimum Credit Score/ Maximum DTI	LTV ≤ 95%			
	<ul style="list-style-type: none"> <li>640 FICO/45% DTI</li> <li>660 FICO/50% DTI (Must have DU® Approve / Eligible recommendation)</li> </ul>			
	LTV > 95 up to ≤ 97%			
	<ul style="list-style-type: none"> <li>680 FICO/50% DTI (Must have DU® Approve/Eligible recommendation)</li> </ul>			
Maximum LTV/CLTV	<ul style="list-style-type: none"> <li>One-unit: 97% / 105%</li> <li>Two-unit: 95%/105%</li> </ul>			
Desktop Underwriter® (DU®)	<ul style="list-style-type: none"> <li>HFA Preferred™ is available through DU® using the "Additional Data" screen; select "HFA Preferred."</li> <li>DU® recommendation of "Approve/Eligible" is acceptable.</li> <li>DU® recommendation "Refer Eligible" or "Refer with Caution" requires manual underwriting.</li> <li>Qualifying ratios and reserve requirements are determined by DU®.</li> </ul>			
Loan Prospector® (LP®)	Not allowed			

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PARAMETERS	HFA PREFERRED™ REQUIREMENTS	
Non-Traditional Credit	<ul style="list-style-type: none"> <li>Allowed if there's <u>no</u> credit score and the LTV ≤ 95% (Follow Fannie Mae underlying product guidelines)</li> <li>Requires manual underwriting; and, <ul style="list-style-type: none"> <li>Maximum 36% DTI</li> <li>Minimum two months PITI (and association dues, if applicable) reserves after closing (or per underlying product guidelines, if greater)</li> </ul> </li> </ul> <p><i>See Manual Underwriting of this product description for additional requirements of manually underwritten loans.</i></p>	
Manual Underwriting	LTV ≤ 95%	
	<ul style="list-style-type: none"> <li>DU® manual underwriting allowed. Lender may manually underwrite even if mortgage was previously submitted to DU®.</li> <li>See Fannie Mae Eligibility Matrix for MyCommunityMortgage® manual underwriting.</li> <li>Maximum CLTV remains at 105% as long as the secondary financing is an approved Community Seconds® loan.</li> </ul>	
	One-unit	Two-unit
	<ul style="list-style-type: none"> <li>680 FICO/≤36% DTI</li> <li>700 FICO/≤45% DTI</li> </ul>	<ul style="list-style-type: none"> <li>700 FICO/≤36% DTI</li> <li>720 FICO/≤45% DTI</li> </ul>
	LTV > 95 up to ≤ 97%	
	Not allowed	
Minimum Borrower Contribution	<ul style="list-style-type: none"> <li>One-unit: \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing downpayment and closing cost loan</li> <li>Two-unit: 3%</li> </ul>	
Downpayment and Closing Cost Loans	Refer to Start Up, MCC (with First Mortgage) and Step Up program descriptions	
Reserves	None	
Maximum Seller Contributions/ Interested Party Contributions	<ul style="list-style-type: none"> <li>3% max for LTV greater than 90%</li> <li>6% max for LTV less than or equal to 90%</li> </ul>	
Homebuyer Education	Required of at least one borrower, if <u>all</u> borrowers are first-time homebuyers.	
Special Feature Code (SFC)	SFC 741 and SIC 088	
Underwriting Guidelines	Unless otherwise stated in this product description or a U.S. Bank MRBP bulletin, refer to Fannie Mae MyCommunityMortgage® underlying product guidelines.	
Conventional Loan Delivery Fees	Zero LLPA (Loan Level Price Adjustment)	
Mortgage Insurance	Loans with an LTV > 95 up to ≤ 97% must use an MI company posted on U.S. Bank's Allregs website.	
PARAMETERS	UPFRONT PAID MORTGAGE INSURANCE (UPMI) REQUIREMENTS	
Product Guidelines	Refer to the HFA Preferred™ product guidelines contained in this product description. The most restrictive terms apply.	
Minimum Credit Score	720 FICO	
Eligible Properties	Single-family, PUD, condo, duplex	
Ineligible Properties	Manufactured housing, co-ops, CLT	
Special Feature Code	SFC 741 and SIC 088	
Service Release Premium (SRP)	Unused UPMI SRP must be credited to the borrower for closing costs.	

